

# IPE Limited

ABN 48 107 843 381

## Appendix 4D – Half-Yearly Report

For the half-year ended 31 December 2015

### 1. Reporting period:

This report is for the reporting period from 1 July 2015 to 31 December 2015 and the corresponding period is from 1 July 2014 to 31 December 2014.

### 2. Results for announcement to the market:

	Up/(Down)	%	\$	
Revenue from ordinary activities (\$'000)	Up	4%	5,740	
Profit from ordinary activities after tax attributable to members (\$'000)	Up	529%	3,640	
Net profit for the period attributable to members (\$'000)	Up	529%	3,640	
Dividend and capital return information				
Cents per share	Type	% Franked	Record Date	Payment Date
4.50	Capital Return	N/A	13 November 2015	2 December 2015
1.00	Dividend	100%	13 November 2015	2 December 2015
(DRP currently not in operation)				
Refer to attached narrative for explanation of results in the current period.				

### 3. Net tangible assets (NTA):

	Dec 2015 (per share)	Dec 2014 (per share)
NTA after tax	\$0.310	\$0.362

*This report is based on the Half-Yearly Financial Report which has been subject to review by the Company's auditors. All the documents comprise the information required by Listing Rule 4.2A. This information should be read in conjunction with the most recent Annual Report and any public announcements made by IPE Limited during the period in accordance with its continuous disclosure obligations.*

# IPE Limited

ABN 48 107 843 381

**19 February 2016**

**The Board of Directors of IPE Limited presents its results for the half year ended 31 December 2015:**

## **Review**

### **Introduction**

Net profit after tax	\$3.6 million
Net assets	\$42.1 million
Net tangible asset backing (post tax)	\$0.310 per share
Debt	nil
Cash	\$6.0 million
Cash paid to shareholders	4.50 cps (December - return of capital of \$6.1m) 1.00 cps (December - dividend of \$1.4m)
Number of private equity funds	14
Number of underlying investments	36
Undrawn commitments	\$1.6 million

The financial environment over the six months to 31 December remained receptive to good quality assets and exit activity in the portfolio continued, generating significant amounts of cash for the Company. This enabled payment to shareholders of \$7.5 million which was about 16% of the net assets at 30 June. As part of the strategy of winding down the Company's activities an on-market share buyback was also introduced to try and create additional value for longer term shareholders.

Following this strong period for the Company we have entered the new year witnessing a marked degree of volatility in financial markets which must elicit a cautious outlook for the remainder of the 2016 financial year.

### **Financial results**

The half year produced a profit of \$3.64 million compared with \$0.58 million in the prior corresponding period. Uplifts in valuations were greater than experienced in the prior period but were only derived from a modest number of investments. The unrealised valuations at 31 December reflected a cautious outlook, appropriate against the mixed market signals that were evident towards the end of calendar 2015.

Net Tangible Assets ("NTA") per share at 31 December was \$0.307 pre-tax (\$0.324 at 30 June) and \$0.310 post-tax (\$0.338 at 30 June). The change was the net result of positive changes in realised and unrealised values reduced by the payment of the 5.50 cents per share return of capital and dividend in December.

The Company was able to continue the flow of cash to shareholders. In early December there was a 4.50 cents per share return of capital as well as a 1.0 cent per share dividend which was 70% franked, utilising almost all of the available imputation credits. If cash continues to flow into the Company a further payment to shareholders is likely over the next few months.

## Capital management

At 31 December 2015 the Company had only \$1.6 million (\$2.6 million at 30 June) of undrawn private equity commitments, available for portfolio support and other fund requirements (but not new investments) over the next few years. The Company has no debt and the debt facility that was previously in place was cancelled in May 2015 after the Board concluded that all of the Company's obligations could be comfortably satisfied from its cash reserves and future operational cash-flows. The cash balance at period end was \$6.0 million.

Given the Company's relatively strong cash position the Board decided to test the appetite for an on-market share buyback as a way of enhancing shareholder value. The purchases have been modest since commencement in late November but the initiative will continue before a review of its efficacy later in the year.

Capital returns to shareholders continued during the six months and at the Annual General Meeting shareholders again approved a resolution that will allow the efficient return of further capital during calendar 2016 should the Board deem it prudent to declare a payment out of excess cash reserves. Over the next few months the Company will approach the ATO for confirmation of the tax status of capital returns paid since July 2015 with the aim of providing confirmation, via an ASX release, before shareholders need to complete their tax returns for FY 2016.

## Private Equity Portfolio

The Company's private equity fund portfolio now contains 14 funds all of which have complete portfolios and are assessing the optimal time to exit their investments. Strong cash inflows continued over the six months with receipts of more than \$9.5 million while the portfolio called less than \$0.3 million. Major sources of the inflows were:

- The partial exit of the co-investment in Vitaco, on its listing on the ASX (code: VIT);
- The sale of Energy Developments by Pacific Equity Partners ("PEP") IV;
- The partial exit of the IVE Group by Wolseley Partners II, on its listing on the ASX (code: IGL);
- The partial exit of the Link Group by PEP III, on its listing on the ASX (code: LNK); and
- The final sell-downs of the listed iSentia by Quadrant 2 and the Spotless Group by PEP IV.

In addition, in December, Archer Fund 4 announced the sale of its hospital business (HealtheCare) subject to FIRB approval but that approval has yet to occur.

There are still 36 companies in the underlying private equity funds and many of these funds will also be seeking exits for some of their investments during 2016. The year has started with a high degree of volatility on financial markets which could inhibit the exit activity and reduce the amount of cash flowing back to the Company compared with the last 12 months. However, the listings of a number of companies in the portfolio have cemented paths to eventual exits for those investments when escrows are released during 2016.

To keep up to date with the Company's portfolio, investors are encouraged to visit the website at [www.ipelimited.com.au](http://www.ipelimited.com.au) which contains links to the funds and, from those sites, to most of the underlying portfolio companies.

**Sydney, 19 February 2016**

## Summary of private equity funds

Portfolio holdings at 31 December 2015 are outlined below:

Fund name	Investment stage focus	Fund size	Committed	Capital drawn	Capital to be drawn	Cash back
		\$m	\$m	\$m	\$m	\$m
Archer Capital Fund 4	Buyout	1,312.4	9.7	9.1	0.6	10.5
Catalyst Buyout Fund 1	Buyout	390.0	8.0	8.0	-	5.2
CM Capital Venture Trust 4	Venture Capital	153.5	8.0	7.8	0.2	0.6
Direct Capital Partners III	Expansion/Buyout	57.1	7.0	6.8	0.2	7.2
Ironbridge Capital 2003/4 Fund	Buyout	450.0	5.0	4.8	0.2	3.8
NBC Private Equity Fund II	Expansion/Buyout	98.6	6.0	6.0	-	0.4
NBC Private Equity Fund III	Expansion/Buyout	101.2	10.0	10.0	-	3.9
Pacific Equity Partners Fund III	Buyout	1,214.0	7.6	7.5	0.1	11.9
Pacific Equity Partners Fund IV	Buyout	3,061.0	7.4	7.2	0.2	9.9
Propel Private Equity Fund II	Expansion/Buyout	70.8	3.4	3.4	-	6.1
Quadrant Private Equity No. 1	Expansion/Buyout	265.0	8.0	8.0	-	9.8
Quadrant Private Equity No. 2	Expansion/Buyout	480.0	9.6	8.8	-	18.7
Wolseley Partners Fund I	Expansion/Buyout	107.4	8.0	8.0	-	2.4
Wolseley Partners Fund II	Expansion/Buyout	235.0	10.0	10.0	-	5.8
<b>Totals</b>			<b>107.7</b>	<b>105.4</b>	<b>1.6</b>	<b>96.3</b>

\* numbers subject to rounding

## Summary of realisations

Fund	Company	Total return as a multiple of cost
NBC II	Withcott	0.0x
Pacific Equity Partners IV	Energy Developments	2.6x
Pacific Equity Partners IV	Spotless	2.4x
Propel Private Equity Fund II	PAS Group	1.3x
Quadrant Private Equity 2	Independent Pub Group	0.6x
Quadrant Private Equity 2	iSentia	6.2x

## Summary of 20 largest private equity exposures

(as a percentage of the value of the Company's private equity assets as at 31 December 2015).

Fund	Date invested	Company	Percentage
Archer 4	Jun 11	HealtheCare Australia	10.1%
Wolseley II	Nov 12	IVE Group (ASX code: IGL)	8.2%
CM Capital 4	Feb 08	ThreatMetrix	7.9%
Wolseley I & II	Apr 07	Facade Access	7.8%
Direct Capital III	Nov 05	NZ Pharmaceuticals	7.7%
PEP III	Sep 06	Link Group (ASX code: LNK)	7.1%
Wolseley II	Sep 13	Nexus Day Hospitals	4.9%
NBC III	Oct 13	Didasko Learning	4.7%
NBC III	Dec 12	Degani Australia	4.2%
Wolseley II	Jul 10	Abergeldie Group	3.9%
PEP IV	Jun 08	American Stock Transfer	3.8%
CM Capital 4	Oct 07	Piedmont Pharmaceuticals	2.9%
Archer 4	Jun 11	Quick Service Restaurants	2.8%
Direct Capital III	Aug 08	NZ King Salmon	2.6%
Wolseley II	Apr 10	Byron Group	2.3%
CM Capital 4	Jul 08	Datacastle Corp	2.2%
Ironbridge 2003/4	Oct 05	BBQSAM	2.2%
Co-investment	Jun 07	Vitaco (ASX code: VIT)	2.2%
Quadrant 1	Mar 06	Seniors Money	1.8%
Wolseley II	Jul 11	AGS World Transport	1.5%
		Total (rounded)	90.9%

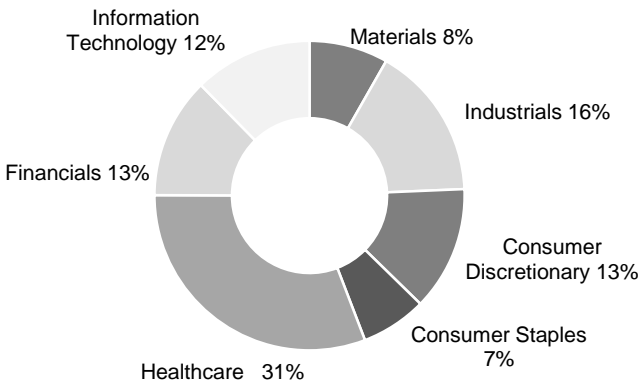
## Summary of vintages (calendar year)

Number of underlying companies that were acquired in a particular year (excluding realisations).

2005	2006	2007	2008	2009	2010	2011	2012	2013
2	6	7	7	2	2	5	2	3

Industry sector exposure at period end

Industry Sector Exposure



# **IPE Limited**

**ABN 48 107 843 381**

**Interim Financial Report  
31 December 2015**

## Directors' Report

The Directors submit their report for the half-year ended 31 December 2015.

### Directors

The names and details of the Company's Directors in office during the half-year and until the date of this report are as follows:

Director Name	Position	Appointment Date
Geoff Brunsdon	Independent, Non-Executive Director and Chairman	3 February 2004
Jon Schahinger	Managing Director	3 February 2004
Don Stammer	Independent, Non-Executive Director	3 February 2004

### Review and results of operations

During the reporting period, the Company engaged in its principal activity, holding long term investments in private equity funds, the results of which are enclosed in the attached financial statements. In a new initiative, the Company introduced an on-market share buyback which was ongoing at period-end.

### Operating Results for the Period

The Company enjoyed a productive six months with strong cash inflows from exit activity, mainly resulting from the sales of previously escrowed listed stock and the partial realisations from new listings. This enabled 5.5 cents per share to be paid to shareholders in a combination of capital return and dividend – a total of \$7.5 million.

During the period, the Company made a net profit for the period of \$3,639,562 after providing for income tax (2014: net profit: \$579,881).

Earnings per share for the reporting period based on the weighted average number of ordinary shares	2015	2014
Basic earnings per share (cents per share)	2.67	0.42
Diluted earnings per share (cents per share)	2.67	0.42

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company that occurred during the financial half-year.

### Dividends and capital returns

Dividends and capital returns paid or declared by the Company since the end of the previous financial year were:

Declaration date	Payment type	Cents per share	Total amount \$'000	Payment date
28 October 2015	Capital Return	4.50	6,146	2 December 2015
28 October 2015	Dividend	1.00	1,366	2 December 2015

### Matters subsequent to the end of the financial half-year

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.



## Directors' Report (continued)

### **Rounding**

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) as available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

### **Auditor's independence declaration**

A statement of independence has been provided by our auditor, Grant Thornton, and is attached to the Directors' Report on the following page.

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'Geoff Brunsdon', followed by a long horizontal line.

**Geoff Brunsdon**

Chairman

Sydney

19 February 2016

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

### **Auditor's Independence Declaration To The Directors of IPE Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of IPE Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



G S Layland  
Director - Audit & Assurance

Sydney, 19 February 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

## Statement of Financial Position

As at	31 December 2015 \$'000	30 June 2015 \$'000
<b>Current assets</b>		
Cash and cash equivalents	5,966	4,854
Receivables	28	157
Prepayments	28	11
<b>Total current assets</b>	<b>6,022</b>	<b>5,022</b>
<b>Non-current assets</b>		
Unlisted private equity investments	35,850	39,355
Deferred tax assets	2,062	2,680
<b>Total non-current assets</b>	<b>37,912</b>	<b>42,035</b>
<b>Total assets</b>	<b>43,934</b>	<b>47,057</b>
<b>Current liabilities</b>		
Payables and other liabilities	178	137
Current tax liabilities	1,634	778
<b>Total current liabilities</b>	<b>1,812</b>	<b>915</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	2	3
<b>Total non-current liabilities</b>	<b>2</b>	<b>3</b>
<b>Total liabilities</b>	<b>1,814</b>	<b>918</b>
<b>Net assets</b>	<b>42,120</b>	<b>46,139</b>
<b>Equity</b>		
Issued capital	54,079	60,372
Accumulated loss	(11,959)	(14,233)
<b>Total equity</b>	<b>42,120</b>	<b>46,139</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes to the financial statements set out on pages 15 to 20.

## Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December	2015 \$'000	2014 \$'000
<b>Revenue</b>		
Dividend and distribution revenue	3,631	5,420
Net increase in fair value of investments	2,048	-
<b>Expenses</b>		
Net decrease in fair value of investments	-	(4,390)
Management fees	(191)	(225)
Directors' fees	(35)	(48)
Other expenses	(213)	(96)
<b>Results from operating activities</b>	<b>5,240</b>	<b>661</b>
Finance income	61	100
Finance expenses	-	(17)
<b>Net finance expense</b>	<b>61</b>	<b>83</b>
<b>Profit before income tax</b>	<b>5,301</b>	<b>744</b>
Income tax expense	(1,661)	(165)
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>3,640</b>	<b>579</b>

Earnings per share (EPS)	December 2015	December 2014
<b>EPS based on the weighted average number of ordinary shares (cents per share)</b>		
Basic and diluted earnings per share for the half year	2.67	0.42

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the financial statements set out on pages 15 to 20.

## Statement of Changes in Equity

For the half-year ended 31 December 2015			
	Issued Capital \$'000	Accumulated Losses \$'000	Total \$'000
At 30 June 2015	60,372	(14,233)	46,139
<b>Total comprehensive income for the period</b>			
Profit for the period	-	3,640	3,640
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>3,640</b>	<b>3,640</b>
<b>Transactions with owners, recorded directly in equity</b>			
Dividends declared and paid	-	(1,366)	(1,366)
Capital returned to shareholders	(6,146)	-	(6,146)
Share buy-back	(147)	-	(147)
<b>Total transactions with owners</b>	<b>(6,293)</b>	<b>(1,366)</b>	<b>(7,659)</b>
<b>At 31 December 2015</b>	<b>54,079</b>	<b>(11,959)</b>	<b>42,120</b>

For the half-year ended 31 December 2014			
	Issued Capital \$'000	Accumulated Losses \$'000	Total \$'000
At 30 June 2014	67,542	(9,741)	57,801
<b>Total comprehensive income for the period</b>			
Profit for the period	-	579	579
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>579</b>	<b>579</b>
<b>Transactions with owners, recorded directly in equity</b>			
Dividends declared and paid	-	(4,097)	(4,097)
Capital returned to shareholders	(4,780)	-	(4,780)
<b>Total transactions with owners</b>	<b>(4,780)</b>	<b>(4,097)</b>	<b>(8,877)</b>
<b>At 31 December 2014</b>	<b>62,762</b>	<b>(13,259)</b>	<b>49,503</b>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements set out on pages 15 to 20.

## Statement of Cash Flows

For the half-year ended 31 December	2015 \$'000	2014 \$'000
<b>Cash flows from operating activities</b>		
Dividends and distributions received	6,133	6,508
Interest received	68	113
Taxes paid	(190)	(1,614)
Payments to suppliers and Directors	(413)	(487)
<b>Net cash flows from operating activities</b>	<b>5,598</b>	<b>4,520</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of unlisted private equity investments	-	55
Purchases of unlisted private equity investments	(219)	(1,663)
Proceeds from capital returned on unlisted private equity investments	3,355	5,311
Proceeds of loans to shareholders of co-investments	37	38
<b>Net cash flows from investing activities</b>	<b>3,173</b>	<b>3,741</b>
<b>Cash flows from financing activities</b>		
Share buy-back	(147)	-
Capital returns paid	(6,146)	(10,243)
Dividends paid	(1,366)	(4,097)
<b>Net cash flows used in financing activities</b>	<b>(7,659)</b>	<b>(14,340)</b>
<b>Net decrease in cash &amp; cash equivalents held</b>	<b>1,112</b>	<b>(6,079)</b>
Add opening cash and cash equivalents brought forward	4,854	10,084
<b>Cash and cash equivalents at end of the period</b>	<b>5,966</b>	<b>4,005</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes to the financial statements set out on pages 15 to 20.

# Notes to the Financial Statements

For the half-year ended 31 December 2015

## 1. Corporate Information

The half-year financial report of IPE Limited for the period ended 31 December 2015 was authorised for issue in accordance with a resolution of the Board of Directors on 19 February 2016.

IPE Limited is a Company limited by shares incorporated in Australia which are publicly traded on the Australian Stock Exchange.

## 2. Summary of significant accounting policies

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position, and financing and investing activities of the Company as the full financial report. The half-year financial report should be read in conjunction with the annual financial report of IPE Limited as at 30 June 2015. It is also recommended that the half-year financial report be considered together with any public announcements made by the Company during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange Listing Rules and the *Corporations Act 2001*.

### (a) Statement of compliance

These interim financial statements have been prepared in accordance with AASB 134: *“Interim Financial Reporting”*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2015.

### (b) Basis of preparation

The half-year financial report has been prepared on a historical cost basis, except for the Company's private equity investments that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC class order 98/100. The Company is an entity to which the class order applies. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

### (c) Changes in accounting policies

The accounting policies applied by the Company in the half-year financial statements are the same as those applied by the Company in its annual financial statements for the year ended 30 June 2015.

### (d) Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial report as at and for the year ended 30 June 2015.

## Notes to the Financial Statements (continued)

For the half-year ended 31 December 2015

### 3. Dividends and capital returns

The following dividends and capital returns were paid by the Company during the period:

Declaration date	Payment type	Cents per share	Total amount \$'000	Payment date
28 October 2015	Capital Return	4.50	6,146	2 December 2015
28 October 2015	Dividend	1.00	1,366	2 December 2015

The following dividends were paid by the Company in the previous corresponding period:

Declaration date	Payment type	Cents per share	Total amount \$'000	Payment date
25 June 2014	Capital Return	4.00	5,463	18 July 2014
15 August 2014	Capital Return	3.50	4,782	16 September 2014
29 October 2014	Dividend	3.00	4,097	4 December 2014

The Company's dividend reinvestment plan has been suspended.

No dividends or capital returns have been declared since the end of the period.

### 4. Operating Segments

The Company has one operating segment: Investments in Private Equity. For this segment, the Managing Director reviews internal management reports in relation to the Company's private equity investments on at least a monthly basis.

Reportable segment information	Private Equity Investment Segment	
	December 2015	December 2014
	\$'000	\$'000
External revenues	5,679	5,420
Reportable segment profit before income tax	5,396	840
	December 2015	June 2015
	\$'000	\$'000
Reportable segment assets	35,867	39,495
Reportable segment liabilities	-	-



## Notes to the Financial Statements (continued)

For the half-year ended 31 December 2015

<b>Reconciliation of reportable segment profit</b>	<b>December 2015 \$'000</b>	<b>December 2014 \$'000</b>
Total profit before income tax for reportable segment	5,396	840
Unallocated amounts:		
Non segment revenues	61	100
Other corporate expenses	(156)	(196)
<b>Profit before income tax</b>	<b>5,301</b>	<b>744</b>

<b>Reconciliation of reportable segment assets</b>	<b>December 2015 \$'000</b>	<b>June 2015 \$'000</b>
Total assets for reportable segment	35,867	39,495
Other assets	8,067	7,562
<b>Total assets</b>	<b>43,934</b>	<b>47,057</b>

<b>Reconciliation of reportable segment liabilities</b>	<b>December 2015 \$'000</b>	<b>June 2015 \$'000</b>
Total liabilities for reportable segment	-	-
Other liabilities	1,814	918
<b>Total liabilities</b>	<b>1,814</b>	<b>918</b>

### Geographical segments

The Company's investments are domiciled in Australia and New Zealand (2014: Australia and New Zealand).

In presenting information on the basis of geographical segments, segment revenue and non-current assets are based on the geographical location of investments.

<b>Revenues/(expenses)</b>	<b>December 2015 \$'000</b>	<b>December 2014 \$'000</b>
Australia	3,948	5,582
New Zealand	1,731	(162)
<b>Total revenue</b>	<b>5,679</b>	<b>5,420</b>

<b>Non-current investment assets</b>	<b>December 2015 \$'000</b>	<b>June 2015 \$'000</b>
Australia	32,069	37,306
New Zealand	3,781	2,049
<b>Total non-current investment assets</b>	<b>35,850</b>	<b>39,355</b>

## Notes to the Financial Statements (continued)

For the half-year ended 31 December 2015

### 5. Income tax expense

Reconciliation between tax expense and pre-tax accounting profit	December 2015 \$'000	December 2014 \$'000
Profit for the period	3,640	579
Total income tax expense	1,661	165
Profit excluding income tax	5,301	744
Income tax using the Company's tax rate of 30% (2014: 30%)	1,590	223
Permanent differences in relation to deferred and current income and expenditure	696	564
Gross up of income due to franking credits received	1	8
Franking credit rebate	(2)	(27)
Over provision in prior years	(624)	(603)
Income tax expense reported in income statement	1,661	165

### 6. Commitments

Estimated commitments contracted for, but yet to be called as at 31 December 2015 are \$1.6 million (30 June 2015: \$2.6 million).

These commitments reflect the capital commitment in respect of future investments in current private equity investments held. All of the private equity funds in the portfolio have completed their investment programs so future drawdowns are likely to be for modest amounts and portions of the undrawn commitments may be cancelled as future requirements become more certain.

The Board aims to achieve sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

### 7. Contingent liabilities and contingent assets

#### (a) Contingent liabilities

There have not been any changes in contingent liabilities since the last reporting date. The contingent liabilities of the Company are nil (June 2015: nil).

#### (b) Contingent assets

There have not been any changes in contingent assets since the last reporting date. The contingent assets of the Company are nil (June 2015: nil).

### 8. Subsequent events

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company.

## Notes to the Financial Statements (continued)

For the half-year ended 31 December 2015

### 9. Fair value measurement of financial instruments

#### (a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2015 and 30 June 2015 on a recurring basis are as follows:

31 December 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets designated as fair value through profit or loss	-	-	35,850	35,850
	-	-	35,850	35,850

30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets designated as fair value through profit or loss	-	-	39,355	39,355
	-	-	39,355	39,355

#### (b) Measurement of fair value of financial instruments

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

#### Unlisted private equity investments

The Company's investments are valued differently according to their differing legal structures:

- Investments in private equity trusts are valued by multiplying a unit price provided by the investment manager by the number of units the Company holds in the trust;
- Venture Capital Limited Partnerships (VCLP) are valued using a value of the VCLP assets provided by the investment manager of the partnership proportioned by the Company's share of VCLP assets under the partnership agreement; and
- Direct private equity investments are valued using a value of the direct investment provided by the investment manager of the investment, proportioned by the share of equity in the investment which the Company holds.

## Notes to the Financial Statements (continued)

For the half-year ended 31 December 2015

### (c) Level 3 fair value measurements

The following table presents the changes in financial instruments classified within Level 3:

<b>Reconciliation of Level 3 balances in the fair value hierarchy</b>	<b>2015 \$'000</b>	<b>2014 \$'000</b>
Beginning balance at 30 June	39,355	50,938
Unrealised gains for the period recognised in the profit or loss	2,041	(4,401)
Purchases and calls paid for unlisted private equity investments	327	1,663
Capital returns from unlisted private equity investments	(5,841)	(5,311)
Proceeds from sale of unlisted private equity investments	-	(55)
Proceeds received from repayment of investment loans	(37)	(38)
Foreign exchange loss on settlement of investment loans	5	7
Ending balance at 31 December	35,850	42,803

There have been no transfers between the levels of the fair value hierarchy during the six months to 31 December 2015.

## Directors' Declaration

In the opinion of the Directors of IPE Limited (the Company):

- (a) the financial statements and notes set out on pages 11 to 20 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Geoff Brunsdon', followed by a long horizontal line.

**Geoff Brunsdon**

Chairman

Sydney

19 February 2016



# Grant Thornton

Level 17, 383 Kent Street  
Sydney NSW 2000

Correspondence to:  
Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

T +61 2 8297 2400  
F +61 2 9299 4445  
E [info.nsw@au.gt.com](mailto:info.nsw@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **Independent Auditor's Review Report To the Members of IPE Limited**

We have reviewed the accompanying half-year financial report of IPE Limited ("Company"), which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration.

### **Directors' responsibility for the half-year financial report**

The directors of IPE Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the IPE Limited financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of IPE Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IPE Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



G S Layland  
Director - Audit & Assurance

Sydney, 19 February 2016